

In Cause No. 44203 (March 14, 2013), the Commission approved an Alternative Regulatory Plan (“ARP”) for small water and wastewater utilities. The ARP required the calculation of a cost index based on the following formula (see Exhibit A, page 4):

$$\text{Cost Index} = [(W * \text{Labor ECI Index}) + (X * \text{Electric Power PPI Index}) + (Y * \text{Chemical PPI Index}) + (Z * \text{CPI})]$$

The table below shows the calculation for 2022.

Index	2022	Weight	Weighted Average
Labor Index ECI	5.19%	0.4751	2.47%
Industrial Electric Power PPI	8.65%	0.1053	0.91%
Industrial Chemicals PPI	1.27%	0.027	0.03%
CPI	6.45%	0.3926	2.53%
Weighted Index		1	5.95%

Based on the table, the annual cost index for 2022 is 5.95%.